

# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

October 20, 2008

Issue 170

## Market Overview

*Summary of Recent Active Studies (see <http://QuantifiableEdges.blogspot.com> or Letters from listed dates for details)*

Study Date	Description	Time span	Bias	Avg Max Move	Avg MM + 1 Std Dev
October 19, 2008	Op-ex Friday < 200ma & down	1-2 days	Bearish	-1.60%	-3.00%
October 17, 2008	100-day high VIX no low SPX	1-10 days	Bullish	3.50%	6.90%
October 17, 2008	SPX retest succeeds	1-3 days	Bullish		
October 16, 2008	SPX big drop 50 low 5	1-17 days	Bearish	-3.40%	-5.90%
<b>October 14, 2008</b>	<b>Nasdaq up 3% lowest vol in 5</b>	<b>1-17 days</b>	<b>Bearish</b>	<b>-10.00%</b>	<b>-17.63%</b>
March 17, 2008	Consumer Sentiment Stretch	1-12 months	Bullish		

If the avg max move is achieved it will appear in **bold and green**. If the avg + 1 std deviation is achieved, the study will in *bold italic blue* and will be removed tomorrow.

### *Short-term Outlook (1-5 days) – neutral – updated 10/20*

The market traded in a huge range once again on Friday. It gapped down, rallied until about 1:30 and then sold off the rest of the afternoon. When it was all over the major indices closed down once again. The S&P and Nasdaq were down less than 1% while the Dow lost 1.4%. Breadth was mixed as advancers outnumbered decliners while advancing volume was less than declining volume. Total volume was lower.

Friday was also option expiration. I've discussed in the past the tendency of the market to sell off following option expiration. There are some other characteristics of this option expiration Friday that more strongly suggest short-term downside. Let's look at a few stats to provide some baselines.

First, how the market has performed in weeks not following an options expiration.

Today is a Friday with no options expiration.												
Buy SPX on close. Sell X days later. \$100k/trade. 1987-present.												
X Days	Net Profit	Trades	Wins	Losses	% Wins	Max Win	Max Loss	Avg Win	Avg Loss	W/L Ratio	Profit Factor	Avg Trade
5	\$257,016.23	763	454	309	59.50	\$7,515.60	(\$18,000.90)	\$1,731.83	(\$1,712.73)	1.01	1.49	\$336.85
4	\$215,978.61	841	499	342	59.33	\$7,145.28	(\$17,037.90)	\$1,429.39	(\$1,454.06)	0.98	1.43	\$256.81
3	\$168,219.58	842	496	343	58.91	\$6,877.26	(\$10,286.10)	\$1,224.81	(\$1,280.72)	0.96	1.38	\$199.79
2	\$147,855.42	842	481	359	57.13	\$10,965.69	(\$9,270.00)	\$1,068.42	(\$1,019.65)	1.05	1.40	\$175.60
1	\$112,606.22	842	499	343	59.26	\$11,558.43	(\$8,265.12)	\$763.59	(\$782.58)	0.98	1.42	\$133.74

As you would expect it has typically risen over the last 21 years.

Now let's look at weeks following option expiration:

Today is options expiration.												
Buy SPX on close. Sell X days later. \$100k/trade. 1987-present.												
X Days	Net Profit	Trades	Wins	Losses	% Wins	Max Win	Max Loss	Avg Win	Avg Loss	W/L Ratio	Profit Factor	Avg Trade
5	(\$1,086.79)	257	121	136	47.08	\$7,739.42	(\$12,167.91)	\$1,321.99	(\$1,698.88)	0.78	0.69	(\$276.60)
4	(\$63,300.30)	257	117	140	45.53	\$5,439.43	(\$12,157.32)	\$1,222.89	(\$1,474.13)	0.83	0.69	(\$246.30)
3	(\$39,430.09)	257	118	139	45.91	\$4,592.40	(\$8,584.96)	\$1,154.56	(\$1,263.80)	0.91	0.78	(\$153.42)
2	(\$72,341.85)	257	116	141	45.14	\$4,786.41	(\$16,188.58)	\$876.65	(\$1,234.28)	0.71	0.58	(\$281.49)
1	(\$64,249.59)	257	104	152	40.47	\$3,877.95	(\$20,424.58)	\$746.38	(\$933.38)	0.80	0.55	(\$250.00)

As you can see, the stats are not only significantly worse, but also carry a negative expectation. A look at the Max Loss column reveals that Black Monday occurred following option expiration. So as not to skew some results more negatively, I'll exclude this outlier date for the rest of the tests. First I'll re-run the above test look at performance after all op-ex Friday's.

Today is options expiration. 10/16/87 excluded.												
Buy SPX on close. Sell X days later. \$100k/trade. 1987-present.												
X Days	Net Profit	Trades	Wins	Losses	% Wins	Max Win	Max Loss	Avg Win	Avg Loss	W/L Ratio	Profit Factor	Avg Trade
5	(\$58,918.88)	256	121	135	47.27	\$7,739.42	(\$5,973.00)	\$1,321.99	(\$1,621.33)	0.82	0.73	(\$230.15)
4	(\$51,142.98)	256	117	139	45.70	\$5,439.43	(\$6,334.85)	\$1,222.89	(\$1,397.28)	0.88	0.74	(\$199.78)
3	(\$30,845.13)	256	118	138	46.09	\$4,592.40	(\$5,455.74)	\$1,154.56	(\$1,210.75)	0.95	0.82	(\$120.49)
2	(\$56,153.27)	256	116	140	45.31	\$4,786.41	(\$5,855.85)	\$876.65	(\$1,127.46)	0.78	0.64	(\$219.35)
1	(\$43,825.01)	256	104	151	40.63	\$3,877.95	(\$3,791.21)	\$746.38	(\$804.30)	0.93	0.64	(\$171.19)

Even with Black Monday excluded the results remain strongly negative.

Next is performance following options expirations when the SPX is trading under its 200-day moving average:

Today is options expiration. SPX closes < 200ma. 10/16/87 is excluded.												
Buy SPX on close. Sell X days later. \$100k/trade. 1987-present.												
X Days	Net Profit	Trades	Wins	Losses	% Wins	Max Win	Max Loss	Avg Win	Avg Loss	W/L Ratio	Profit Factor	Avg Trade
5	(\$23,650.57)	72	36	36	50.00	\$7,739.42	(\$5,973.00)	\$1,387.34	(\$2,044.30)	0.68	0.68	(\$328.48)
4	(\$30,179.80)	72	30	42	41.67	\$5,439.43	(\$6,334.85)	\$1,327.23	(\$1,666.59)	0.80	0.57	(\$419.16)
3	(\$27,296.94)	72	32	40	44.44	\$4,508.00	(\$5,455.74)	\$1,247.20	(\$1,680.18)	0.74	0.59	(\$379.12)
2	(\$27,231.30)	72	31	41	43.06	\$4,786.41	(\$5,855.85)	\$1,023.42	(\$1,437.98)	0.71	0.54	(\$378.21)
1	(\$12,039.86)	72	31	40	43.06	\$3,877.95	(\$3,791.21)	\$936.16	(\$1,026.52)	0.91	0.71	(\$167.22)

Under the 200ma performance has been even worse.

What about if op-ex Friday the market closed lower?

Today is options expiration. SPX closes < yesterday's close. 10/16/87 excluded.												
Buy SPX on close. Sell X days later. \$100k/trade. 1987-present.												
X Days	Net Profit	Trades	Wins	Losses	% Wins	Max Win	Max Loss	Avg Win	Avg Loss	W/L Ratio	Profit Factor	Avg Trade
5	(\$18,207.79)	108	53	55	49.07	\$7,739.42	(\$5,973.00)	\$1,381.47	(\$1,662.29)	0.83	0.80	(\$168.59)
4	(\$30,638.56)	108	50	58	46.30	\$5,439.43	(\$6,334.85)	\$1,237.29	(\$1,594.88)	0.78	0.67	(\$283.69)
3	(\$20,458.17)	108	49	59	45.37	\$4,277.94	(\$3,701.20)	\$1,236.16	(\$1,373.39)	0.90	0.75	(\$189.43)
2	(\$37,715.99)	108	45	63	41.67	\$4,786.41	(\$5,855.85)	\$994.92	(\$1,309.32)	0.76	0.54	(\$349.22)
1	(\$33,715.02)	108	43	64	39.81	\$3,877.95	(\$3,264.30)	\$713.91	(\$1,006.45)	0.71	0.48	(\$312.18)

This also has a negative impact – especially early in the week.

Lastly, let's see what happens when it's all combined:

<i>Today is options expiration. SPX closes &lt; 200ma and lower than yesterday. 10/16/87 excluded.</i>												
<i>Buy SPX on close. Sell X days later. \$100k/trade. 1987-present.</i>												
X Days	Net Profit	Trades	Wins	Losses	% Wins	Max Win	Max Loss	Avg Win	Avg Loss	W/L Ratio	Profit Factor	Avg Trade
5	(\$5,135.90)	34	19	15	55.88	\$7,739.42	(\$5,973.00)	\$1,537.24	(\$2,289.57)	0.67	0.85	(\$151.06)
4	(\$19,849.03)	34	15	19	44.12	\$5,439.43	(\$6,334.85)	\$1,481.86	(\$2,214.58)	0.67	0.53	(\$583.80)
3	(\$15,385.66)	34	14	20	41.18	\$4,247.72	(\$3,701.20)	\$1,356.58	(\$1,718.89)	0.79	0.55	(\$452.52)
2	(\$17,498.79)	34	12	22	35.29	\$4,786.41	(\$5,855.85)	\$1,298.15	(\$1,503.48)	0.86	0.47	(\$514.67)
1	(\$10,009.11)	34	14	19	41.18	\$3,877.95	(\$3,264.30)	\$1,008.53	(\$1,269.92)	0.79	0.59	(\$294.39)

Losses of over 1/2% on average for the next 2-4 days are the worst in the sample.

One short-term indicator that is providing interesting readings is the VIX. On Thursday I discussed the fact that it hit a short-term high without the SPX hitting a short-term low. On Friday the VIX made a new closing high. Once again the SPX did not confirm as it closed above its recent closing low. I ran a similar study using closing levels rather than intraday:

<i>VIX closes at 100-day high. SPX not at 100-day low.</i>												
<i>Buy SPX on close. Sell X days later. \$100k/trade. 1990-present.</i>												
X Days	Net Profit	Trades	Wins	Losses	% Wins	Max Win	Max Loss	Avg Win	Avg Loss	W/L Ratio	Profit Factor	Avg Trade
15	\$68,898.01	35	28	7	80.00	\$13,488.65	(\$11,992.24)	\$3,325.71	(\$3,460.28)	0.96	3.84	\$1,968.51
14	\$71,712.01	35	28	7	80.00	\$12,644.94	(\$11,498.24)	\$3,333.82	(\$3,090.71)	1.08	4.31	\$2,048.91
13	\$63,140.75	35	26	9	74.29	\$15,243.90	(\$16,254.16)	\$3,686.89	(\$3,635.37)	1.01	2.93	\$1,804.02
12	\$58,497.20	36	26	10	72.22	\$13,656.44	(\$13,950.56)	\$3,588.50	(\$3,480.39)	1.03	2.68	\$1,624.92
11	\$52,269.85	36	24	12	66.67	\$12,236.77	(\$11,048.96)	\$3,565.97	(\$2,776.13)	1.28	2.57	\$1,451.94
10	\$52,629.38	37	24	13	64.86	\$13,815.90	(\$7,532.72)	\$3,386.31	(\$2,203.23)	1.54	2.84	\$1,422.42
9	\$52,642.59	37	27	10	72.97	\$11,486.80	(\$6,727.63)	\$2,965.80	(\$2,743.39)	1.08	2.92	\$1,422.77
8	\$52,556.78	40	28	12	70.00	\$11,382.35	(\$9,154.20)	\$2,935.93	(\$2,470.76)	1.19	2.77	\$1,313.92
7	\$58,035.25	41	29	12	70.73	\$10,706.80	(\$7,304.57)	\$2,683.43	(\$1,648.68)	1.63	3.93	\$1,415.49
6	\$59,474.22	43	32	11	74.42	\$10,082.80	(\$8,107.19)	\$2,513.46	(\$1,905.15)	1.32	3.84	\$1,383.12
5	\$49,998.93	44	27	17	61.36	\$9,157.20	(\$11,533.34)	\$2,768.53	(\$1,455.96)	1.90	3.02	\$1,136.34
4	\$45,930.77	48	33	15	68.75	\$8,810.76	(\$9,828.00)	\$2,344.08	(\$2,094.94)	1.12	2.46	\$956.89
3	\$47,741.80	51	39	12	76.47	\$8,432.34	(\$6,956.04)	\$1,804.55	(\$1,886.31)	0.96	3.11	\$936.11
2	\$42,552.89	56	36	20	64.29	\$5,049.00	(\$5,441.80)	\$1,739.05	(\$1,002.65)	1.73	3.12	\$759.87
1	\$32,743.62	71	44	26	61.97	\$5,117.46	(\$5,829.81)	\$1,345.75	(\$1,018.06)	1.32	2.24	\$461.18

Again we see a fairly strong tendency for the market to rise over the short-term. Also notable is the fact that 91% of the instances closed higher than the entry price at some point in the next 6 days.

A number of breadth indicators have yet to work off their extreme conditions. Two standouts include the CBI, which stands at 13 still, and Worden Bros. T2114. T2114 measures the number of stocks trading at least 1 standard deviation below their 40-day moving average. T2114 closed at over 90% on Friday. Even with the fact that the market rose this week, the current 90% reading still exceeds all other periods other than the Crash of '87. I would expect these breadth extremes to be worked off with some short-term upside action in the market.

Friday did very little to help set up a favorable low-risk entry. The market has changed from panic-down over the last two weeks to extremely choppy this week. The chop is evident not only on the daily charts, which are basically alternating between up and

down, but also intraday. The extremely wide ranges are a result of this intraday chop as the market has moved strongly in both directions.

The average true ranges of the SPY and Nasdaq continue to make new highs. I looked as well at the 10-day average true range of the Dow Jones today. Its daily range has increased to over 8.4%. The only other times in its history where it has reached levels this extreme was after the Crash of '87 and after the 1929 crash. In both cases once the ATR started trending lower again selling was basically over.

Tonight's [Aggregator chart](#) is below:



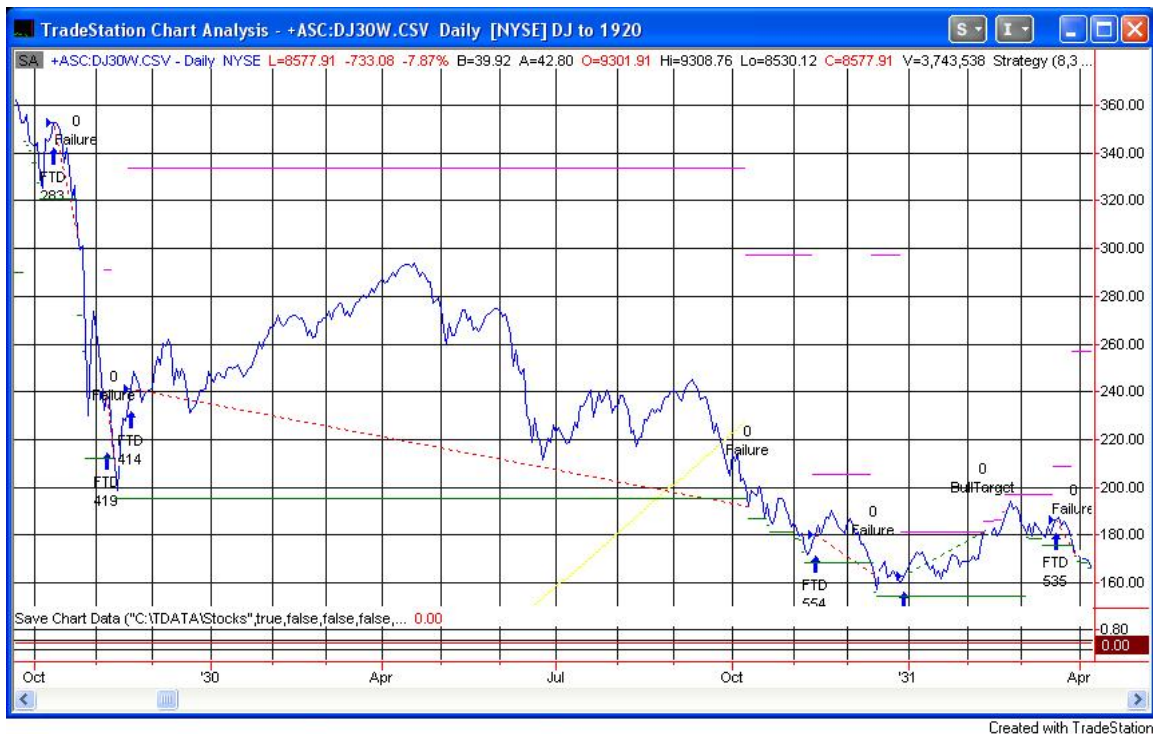
The green Aggregator line is slightly bullish. Meanwhile, the black differential line is showing that the market has strongly underperformed expectations over the last 3 days. Of course this line will flip to negative without a strong move lower for the market on Monday. Overall, a short-term bounce appears the more likely scenario. The edge isn't overwhelming at this point though. It could also change very quickly.

### ***Intermediate-term Outlook (1 week – 2 months)–neutral -updated 10/13***

From an intermediate-term standpoint it appears we are at a point where the upside potential is significantly greater than the downside risk of the market. Extremes noted last week were massive. Most of them have begun to back off – with the notable exceptions being the VIX and the average true range %'s discussed above. Extremes anywhere near the magnitudes we've seen have typically been followed by a tradeable multi-week or multi-month bounce.

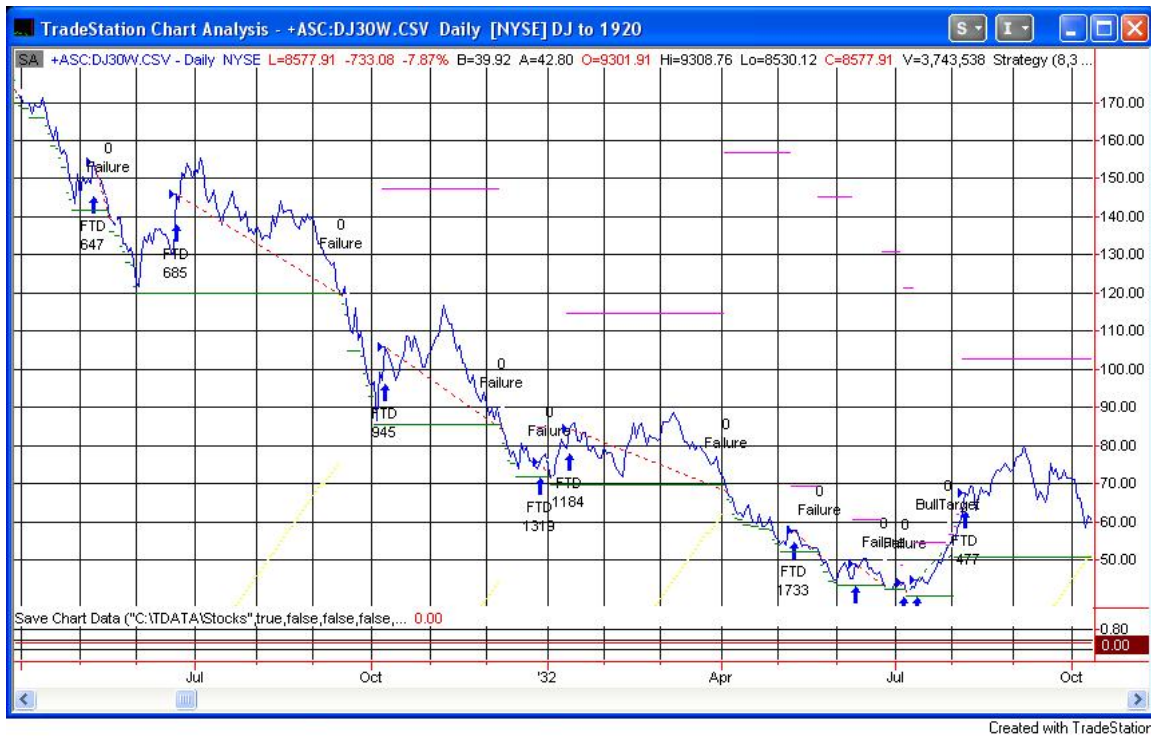
We did see some signs of strength this past week, with strong moves on both Monday and Thursday. Monday qualified as a 90% upside day according to Lowry's definition and study. Thursday met the criteria for a Follow-Through-Day (FTD). I've previously shown both studies to be about 50% reliable in the S&P 500 since about 1970.

In [Wednesday's blog](#) I compared the current market crash to the one in 1929. I thought it would be interesting to see how FTD's performed following the 1929 crash. As a brief reminder, "success" for a FTD would entail either 1) The market making a new high or 2) a rally from the close of the FTD that equals at least twice the distance from the low to the FTD. Below are charts spanning the period from 1929 to in 1932.



In this chart we see several failures and one FTD that led to a rally meeting its target. While it didn't meet the definition of success, the rally in the early part of 1930 was actually the best over the time period.

Next is '31 – '32:



Plenty more failures are seen here before the market finally bottoms in mid-1932. All told there were 13 failed FTD's and one successful one before the 1932 bottom arrived. So far since the top in 2007 we have seen 5 FTD's lead to failed rallies.

Even assuming the fact that FTD's are especially unreliable in environments such as the current one, I still feel the market is near a point where a tradeable rally should emerge. It could happen immediately. It could happen after another sharp leg down as happened in 1929. It could happen after drifting sideways for several weeks a la 1987. In any case I anticipate favoring long-side opportunities over short-side opportunities during the coming weeks. Even if we do get the tradeable rally I'm anticipating, I would not be surprised if the market revisited or exceeded the current lows once the rally had run its course over the next few weeks or months.

### **Catapult and Capitulative Breadth Statistics**

*(Catapult Presentation Part 1) (Catapult Presentation Part 2)*

#### ***Open Catapult Trades***

Although I closed out all open Catapult trades Tuesday morning, 13 Catapults triggers have not yet officially satisfied their exit criteria. They are listed below under "Broad Market Large Cap CBI". They could provide 2<sup>nd</sup> entry opportunities.

#### ***Catapult for ETF's Trades***

None

***Broad Market Large Cap CBI -15/9 (AA-3, AIG-2, BA-2, BUD, CBS, CPB-2, GD, TWX-3)***

***Sector CBI Breakdown (% of stocks with active catapult triggers within each sector.)***

<b>Index</b>	<b>ETF</b>	<b>CBI %</b>	<b>Index</b>	<b>ETF</b>	<b>CBI %</b>
DJ US Broker Dealers	IAI	0.00	DJ US Energy	IYE	12.79
DJ US Insurance Index	IAK	4.05	DJ US Financial	IYF	1.37
DJ US Regional Banks	IAT	0.00	DJ US Financial Services	IYG	0.00
DJ US Utilities	IDU	6.76	DJ US Healthcare	IYH	6.34
DJ US Oil&Gas Expl & Prod	IEO	5.17	DJ US Industrial Sector	IYJ	3.07
DJ US Oil Equip & Svcs	IEZ	23.08	DJ US Consumer Goods	IYK	6.12
DJ US Pharmaceuticals	IHE	0.00	DJ US Basic Materials	IYM	4.05
DJ US Healthcare Providers	IHF	12.24	DJ US Real Estate	IYR	1.22
DJ US Medical Devices	IHI	9.76	DJ US Transportation	IYT	0.00
DJ US Aerospace & Defense	ITA	8.33	DJ US Technology Sector	IYW	2.01
DJ US Home Construction	ITB	0.00	DJ US Telecommunications	IYZ	5.26
DJ US Consumer Svcs	IYC	7.02	Nasdaq 100	QQQQ	4.00

*CBI levels have dropped considerably. Oil & energy still remain a bit elevated.*

**Additional New Trade Ideas**

*none*

**Active Trades Table**

*None*

**Trade Idea Results & Statistics**

I normally try and get this out at the end of the month, but there was a huge number of trades open at the beginning of the month. They are all closed out now so I thought it would be a good time to update results.

I don't suggest position sizes. The primary reason for this is I'm not acting as a financial advisor. I don't feel it is appropriate to suggest allocation sizes without understanding someone's financial situation and risk tolerance. Even for my own trading I run different portfolios with different levels of aggressiveness. For instance, my most aggressive portfolio is my IRA. Here I may use options to sometimes get 400-500% leveraged. The partnership I manage on the other hand takes much more conservative stances and rarely reaches or exceeds 100% exposure.

Since I don't suggest position sizes this is not truly a performance report, but rather a trade idea scorecard. Therefore, no matter how objective I try to be the reporting of the results is always going to be skewed depending on how you approach the trades. For instance, I always recommend scaling into the Catapult positions in 3 parts, whereas the "System" trades (whatever system I unveil other than Catapult) are normally one entry. The "QE Index" trades I normally recommend scaling into as well. For my own trading I trade much much larger size with the index trades than any of the individuals. I also control my exposure by limiting the total amount invested per day. As I mentioned, this will very depending on the account I'm trading. My most aggressive account I may put

in up to 100%/day and get heavily leveraged using options. A conservative account may max out at 15%-20% per day.

I've also mentioned in the past that days with large numbers of triggers tend to produce better results than those with less triggers. Also, the later trades in a cluster tend to provide profits to overshadow the early trades in a cluster. Therefore, one way to play the Catapult trades is to only begin taking them once there are several active. However they are taken, they typically provide 1-2 excellent opportunities to profit greatly each year. Early October was one of those times. Last January and March also provided nice opportunity. June/July was a difficult group of trades, although utilizing intraday exits when they were sent out would have alleviated much of that pain.

It's unlikely anyone would have taken all of the trades with equal amounts, so results could vary greatly depending on your approach. With all those caveats in mind, recent results are listed below and broken down by category. Hopefully if you play the Catapult trades at all, you were able to take advantage of some of the trade ideas listed. Summary results are listed on the following page.

September Trade Ideas								
SPY	Index	QE Index	Short	8/28/2008	\$129.28	9/2/2008	\$129.00	0.2%
BBH	ETF	QE System	Long	8/22/2008	\$199.79	9/2/2008	\$198.52	-0.6%
SPY	Index	QE Index	Long	9/3/2008	\$127.00	9/8/2008	\$128.04	0.8%
SPY	Index	QE Index	Long	9/4/2008	\$126.97	9/8/2008	\$128.04	0.8%
SPY	Index	QE Index	Long	9/5/2008	\$123.29	9/8/2008	\$126.50	2.6%
AES	Stock	Catapult	Long	9/5/2008	\$14.42	9/9/2008	\$14.91	3.4%
ETR	Stock	Catapult	Long	9/8/2008	\$96.85	9/10/2008	\$95.21	-1.7%
FXE	ETF	Catapult	Long	9/5/2008	\$143.20	9/15/2008	\$142.20	-0.7%
EXC	Stock	Catapult	Long	9/9/2008	\$64.97	9/15/2008	\$66.94	3.0%
SPY	Index	QE Index	Short	9/12/2008	\$126.09	9/15/2008	\$121.81	3.4%
SPY	Index	QE Index	Long	9/18/2008	\$116.61	9/19/2008	\$126.91	8.8%
DELL	Stock	Catapult	Long	9/4/2008	\$20.22	9/19/2008	\$18.44	-8.8%
DELL	Stock	Catapult	Long	9/10/2008	\$19.30	9/19/2008	\$18.44	-4.5%
DELL	Stock	Catapult	Long	9/15/2008	\$18.36	9/19/2008	\$18.44	0.4%
VWO	ETF	Catapult	Long	9/5/2008	\$37.50	9/19/2008	\$37.00	-1.3%
AAPL	Stock	Catapult	Long	9/18/2008	\$127.83	9/19/2008	\$142.50	11.5%
SPY	Index	QE Index	Long	9/23/2008	\$118.55	9/26/2008	\$118.75	0.2%
SPY	Index	QE Index	Long	9/24/2008	\$118.93	9/25/2008	\$120.79	1.6%
September Totals								19.1%
October Trade Ideas								
KOL	ETF	Catapult	Long	9/30/2008	\$27.19	10/2/2008	\$27.52	1.2%
AA	Stock	Catapult	Long	10/8/2008	\$15.16	10/14/2008	\$14.67	-3.2%
AA	Stock	Catapult	Long	10/9/2008	\$14.71	10/14/2008	\$14.67	-0.3%
AES	Stock	Catapult	Long	10/7/2008	\$8.83	10/14/2008	\$9.87	11.8%
BA	Stock	Catapult	Long	10/10/2008	\$40.13	10/14/2008	\$48.63	21.2%
BHI	Stock	Catapult	Long	10/8/2008	\$39.93	10/14/2008	\$43.31	8.5%
CBS	Stock	Catapult	Long	10/13/2008	\$8.10	10/14/2008	\$9.43	16.4%
CMCSA	Stock	Catapult	Long	10/10/2008	\$15.93	10/14/2008	\$17.93	12.6%
COV	Stock	Catapult	Long	10/10/2008	\$41.82	10/14/2008	\$49.95	19.4%
CPB	Stock	Catapult	Long	10/10/2008	\$32.45	10/14/2008	\$36.00	10.9%
DELL	Stock	Catapult	Long	10/9/2008	\$13.50	10/13/2008	\$15.21	12.7%
DELL	Stock	Catapult	Long	10/10/2008	\$12.80	10/13/2008	\$15.21	18.8%
EXC	Stock	Catapult	Long	10/10/2008	\$46.46	10/14/2008	\$57.58	23.9%
EXC	Stock	Catapult	Long	10/13/2008	\$47.38	10/14/2008	\$57.58	21.5%
GD	Stock	Catapult	Long	9/30/2008	\$71.40	10/14/2008	\$63.42	-11.2%
GOOG	Stock	Catapult	Long	10/10/2008	\$313.16	10/13/2008	\$381.02	21.7%
HAL	Stock	Catapult	Long	10/8/2008	\$21.13	10/14/2008	\$23.05	9.1%
HAL	Stock	Catapult	Long	10/9/2008	\$20.99	10/14/2008	\$23.05	9.8%
HON	Stock	Catapult	Long	10/9/2008	\$34.08	10/14/2008	\$35.28	3.5%
HON	Stock	Catapult	Long	10/10/2008	\$29.28	10/14/2008	\$35.28	20.5%
IP	Stock	Catapult	Long	10/10/2008	\$18.95	10/14/2008	\$23.06	21.7%
MS	Stock	Catapult	Long	10/10/2008	\$9.19	10/14/2008	\$21.21	130.8%
PM	Stock	Catapult	Long	10/10/2008	\$37.01	10/14/2008	\$46.87	26.6%
QQQQ	ETF	Catapult	Long	10/8/2008	\$31.95	10/13/2008	\$35.13	10.0%
TWX	Stock	Catapult	Long	10/7/2008	\$11.23	10/14/2008	\$10.76	-4.2%
TWX	Stock	Catapult	Long	10/8/2008	\$10.40	10/14/2008	\$10.76	3.5%
TYC	Stock	Catapult	Long	10/8/2008	\$28.35	10/14/2008	\$30.14	6.3%
TYC	Stock	Catapult	Long	10/9/2008	\$28.60	10/14/2008	\$30.14	5.4%
TYC	Stock	Catapult	Long	10/10/2008	\$25.73	10/14/2008	\$30.14	17.1%
XLB	ETF	Catapult	Long	10/7/2008	\$28.70	10/14/2008	\$29.94	4.3%
XRX	Stock	Catapult	Long	10/8/2008	\$8.45	10/14/2008	\$8.83	4.5%
XRX	Stock	Catapult	Long	10/9/2008	\$8.15	10/14/2008	\$8.83	8.3%
XRX	Stock	Catapult	Long	10/10/2008	\$7.68	10/14/2008	\$8.83	15.0%
SPY	Index	QE Index	Long	10/3/2008	\$112.00	10/14/2008	\$100.00	-10.7%
SPY	Index	QE Index	Long	10/6/2008	\$107.15	10/14/2008	\$100.00	-6.7%
SPY	Index	QE Index	Long	10/7/2008	\$105.00	10/14/2008	\$104.70	-0.3%
SPY	Index	QE Index	Long	10/7/2008	\$100.03	10/14/2008	\$104.70	4.7%
October Totals								465.2%

Summary Results:

<b>September</b>									
	Trades	Wins	Losses	Win %	Avg Win	Avg Loss	Avg Trade	Profit Factor	Total Gains
Total	18	12	6	66.67%	3.06%	-2.95%	1.06%	2.08	19.1%
Index	8	8	0	100.00%	2.31%	0.00%	2.31%	100.00	18.4%
Catapult	9	4	5	44.44%	4.58%	-3.41%	0.14%	1.08	1.3%
System	1	0	1	0.00%	0.00%	-0.64%	-0.64%	0.00	-0.6%
<b>October (through 10/17)</b>									
	Trades	Wins	Losses	Win %	Avg Win	Avg Loss	Avg Trade	Profit Factor	Total Gains
Total	37	30	7	81.08%	16.72%	-5.22%	12.57%	13.73	465.2%
Index	4	1	3	25.00%	4.67%	-5.89%	-3.25%	0.26	-13.0%
Catapult	33	29	4	87.88%	17.14%	-4.72%	14.49%	26.35	478.2%
System	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00	0.0%
<b>Since Inception (2/18/08)</b>									
	Trades	Wins	Losses	Win %	Avg Win	Avg Loss	Avg Trade	Profit Factor	Total Gains
Total	172	113	59	65.70%	5.76%	-2.67%	2.82%	4.13	485.3%
Index	34	27	7	79.41%	2.43%	-3.48%	1.21%	2.69	41.2%
Catapult	99	62	37	62.63%	10.61%	-5.24%	4.69%	3.40	464.2%
System	39	24	15	61.54%	1.79%	-4.20%	-0.51%	0.68	-20.1%

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